



# House of Representatives

General Assembly

**File No. 768**

January Session, 2009

Substitute House Bill No. 6413

*House of Representatives, April 21, 2009*

The Committee on Planning and Development reported through REP. SHARKEY of the 88th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

## **AN ACT REVISING CERTAIN HOUSING STATUTES.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 8-114d of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) The Commissioner of Economic and Community Development  
4 shall award grants-in-aid to housing authorities, municipal developers,  
5 [and] nonprofit corporations and housing partnerships operating  
6 elderly housing projects pursuant to this part to hire resident services  
7 coordinators to (1) facilitate conflict resolution between residents,  
8 including between seniors and younger residents, (2) establish and  
9 maintain relationships with community service providers and link  
10 residents to appropriate community services, (3) act as a liaison to  
11 assist in problem solving, (4) assist residents of such housing to  
12 maintain an independent living status, (5) assess the individual needs  
13 of residents of such housing for the purpose of establishing and  
14 maintaining support services, (6) provide orientation services to new

15 residents and maintain regular contact with residents of such housing,  
16 (7) monitor the delivery of support services to residents of such  
17 housing, (8) organize resident activities and meetings that promote  
18 socialization among all residents, and (9) advocate changes in services  
19 sought or required by residents of such housing. The commissioner  
20 shall award grants-in-aid based on demonstration of need and  
21 availability of matching funds. A joint application made by more than  
22 one housing authority, municipal developer, [or] nonprofit corporation  
23 or housing partnership shall have the same preference as an  
24 application made by one housing authority, municipal developer, [or]  
25 nonprofit corporation or housing partnership.

26 (b) The employment of resident services coordinators by a housing  
27 authority, municipal developer, [or] nonprofit corporation or housing  
28 partnership operating elderly housing projects pursuant to this part  
29 shall be considered an allowable expense.

30 (c) The Commissioner of Economic and Community Development  
31 may convene monthly meetings of the resident services coordinators  
32 for in-service training and information sharing. Training topics shall  
33 include, but not be limited to, the health care needs of seniors and  
34 persons with disabilities, mediation and conflict resolution, and local  
35 and regional service resources.

36 Sec. 2. Section 8-119h of the general statutes is repealed and the  
37 following is substituted in lieu thereof (*Effective from passage*):

38 Upon preliminary approval by the State Bond Commission  
39 pursuant to the provisions of section 3-20, the state, acting by and  
40 through the Commissioner of Economic and Community  
41 Development, may enter into a contract or contracts with an authority,  
42 a municipal developer, [or] a nonprofit corporation or a housing  
43 partnership for state financial assistance for a congregate housing  
44 project, in the form of capital grants, interim loans, permanent loans,  
45 deferred loans or any combination thereof for application to the  
46 development cost of such project or projects. A contract with an  
47 authority, a municipal developer, a nonprofit corporation or a housing

48 partnership may provide that in the case of any loan made in  
49 conjunction with any housing assistance funds provided by an agency  
50 of the United States government, if such housing assistance funds  
51 terminate prior to complete repayment of a loan made pursuant to this  
52 section, the remaining balance of such loan may be converted to a  
53 capital grant or decreased loan. Any such state assistance contract with  
54 an authority, a municipal developer, a nonprofit corporation or a  
55 housing partnership for a capital grant or loan entered into prior to the  
56 time housing assistance funds became available from an agency of the  
57 United States government, may, upon the mutual consent of the  
58 commissioner and the authority, a municipal developer, a nonprofit  
59 corporation or a housing partnership, be renegotiated to provide for a  
60 loan or increased loan in the place of a capital grant or loan or a part  
61 thereof, consistent with the above conditions. Such capital grants or  
62 loans shall be in an amount not in excess of the development cost of  
63 the project or projects, including, in the case of grants or loans financed  
64 from the proceeds of the state's general obligation bonds issued  
65 pursuant to any authorization, allocation or approval of the State Bond  
66 Commission made prior to July 1, 1990, administrative or other cost or  
67 expense to be incurred by the state in connection therewith, as  
68 approved by said commissioner. In anticipation of final payment of  
69 such capital grants or loans, the state, acting by and through said  
70 commissioner and in accordance with such contract, may make  
71 temporary advances to the authority, municipal developer, [or]  
72 nonprofit corporation or housing partnership for preliminary planning  
73 expense or other development cost of such project or projects. Any  
74 loan provided pursuant to this section shall bear interest at a rate to be  
75 determined in accordance with subsection (t) of section 3-20. Any such  
76 authority, municipal developer, [or] nonprofit corporation or housing  
77 partnership may, subject to the approval of the Commissioner of  
78 Economic and Community Development, contract with any other  
79 person approved by the Commissioner of Economic and Community  
80 Development for the operation of a project undertaken pursuant to this  
81 part.

82 Sec. 3. Section 8-119l of the general statutes is repealed and the

83 following is substituted in lieu thereof (*Effective from passage*):

84 The state, acting by and through the Commissioner of Economic  
85 and Community Development, may enter into a contract or contracts  
86 with an authority, a municipal developer, [or] a nonprofit corporation  
87 or a housing partnership for state financial assistance in the form of a  
88 grant-in-aid for an operating cost subsidy for state-financed congregate  
89 housing projects developed pursuant to this part. In calculating the  
90 amount of the grant-in-aid, the commissioner shall use adjusted gross  
91 income of tenants. As used in this section, "adjusted gross income"  
92 means annual aggregate income from all sources minus fifty per cent  
93 of all unreimbursable medical expenses.

94 Sec. 4. Section 8-119x of the general statutes is repealed and the  
95 following is substituted in lieu thereof (*Effective from passage*):

96 The Commissioner of Economic and Community Development  
97 shall, in consultation with the Department of Social Services, the State  
98 Building Inspector, the Office of Protection and Advocacy for Persons  
99 with Disabilities, the Department of Information and Technology and  
100 the Office of Policy and Management, establish a state-wide electronic  
101 database of information on the availability of dwelling units in the  
102 state which are accessible to or adaptable for persons with disabilities.  
103 [Such] To the extent practicable, such database shall include such  
104 information as: (1) The location of, the monthly rent for and the  
105 number of bedrooms in each such dwelling unit, (2) the type of  
106 housing and neighborhood in which each such dwelling unit is  
107 located, (3) the vacancy status of each such dwelling unit, (4) if a unit is  
108 unavailable, the date such unit is expected to become available or the  
109 date when a waiting list is expected to open, and (5) any feature of  
110 each such unit that makes it accessible to or adaptable for persons with  
111 disabilities. [To the extent feasible, the Commissioner of Economic and  
112 Community Development shall use information from the computer-  
113 assisted mass appraisal systems.]

114 Sec. 5. Section 8-410 of the general statutes is repealed and the  
115 following is substituted in lieu thereof (*Effective from passage*):

116     (a) As used in this section, "eligible applicant" means: (1) A  
117     nonprofit entity; (2) a municipal developer; (3) a housing authority; (4)  
118     a business corporation incorporated pursuant to chapter 601 or any  
119     predecessor statutes thereto or authorized to do business pursuant to  
120     chapter 601 having as one of its purposes the construction, financing,  
121     acquisition, rehabilitation or operation of affordable housing, and  
122     having a certificate or articles of incorporation approved by the  
123     Commissioner of Economic and Community Development; (5) any  
124     partnership, limited partnership, limited liability company, joint  
125     venture, sole proprietorship, trust or association having as one of its  
126     purposes the construction, financing, acquisition, rehabilitation or  
127     operation of affordable housing; or (6) any combination thereof if such  
128     combination includes a nonprofit corporation, housing authority or  
129     municipal developer.

130     [(a)] (b) There is established a fund to be known as the "Low and  
131     Moderate Income Housing Predevelopment Cost Revolving Loan  
132     Fund". The fund shall contain any moneys required by law to be  
133     deposited in the fund. Any balance remaining in the fund at the end of  
134     any fiscal year shall be carried forward in the fund for the fiscal year  
135     next succeeding. The fund shall be used to make loans pursuant to  
136     subsection [(b)] (c) of this section and to pay reasonable and necessary  
137     expenses incurred in administering loans under this section. The  
138     Commissioner of Economic and Community Development may enter  
139     into a contract with a nonprofit corporation to provide for the  
140     administration of the Low and Moderate Income Housing  
141     Predevelopment Cost Revolving Loan Fund by such nonprofit  
142     corporation, provided no loan shall be made from the fund without the  
143     authorization of the commissioner as provided in subsection [(b)] (c) of  
144     this section.

145     [(b)] (c) The state, acting by and in the discretion of the  
146     Commissioner of Economic and Community Development, may enter  
147     into a contract to provide financial assistance in the form of interest-  
148     free loans or deferred loans to [nonprofit corporations, housing  
149     authorities or municipal developers, or to partnerships which include

150 a nonprofit corporation, housing authority or municipal developer,] an  
151 eligible applicant for predevelopment costs incurred in connection  
152 with the construction, rehabilitation or renovation of housing for low  
153 and moderate income persons and families. Such predevelopment  
154 costs may include: (1) Feasibility studies, (2) expenses incurred in  
155 project planning and design, including architectural expenses, (3) legal  
156 and financial expenses, (4) expenses incurred in obtaining required  
157 permits and approvals, (5) options to purchase land, (6) expenses  
158 incurred in obtaining required insurance, and (7) other preliminary  
159 expenses authorized by the commissioner. Notwithstanding the  
160 provisions of this section, financial assistance shall be limited to  
161 predevelopment costs incurred in connection with the construction,  
162 rehabilitation or renovation of housing for low and moderate income  
163 persons and families in the case of an eligible applicant that is a (A)  
164 business corporation incorporated pursuant to chapter 601 or any  
165 predecessor statutes thereto or authorized to do business pursuant to  
166 chapter 601 having as one of its purposes the construction, financing,  
167 acquisition, rehabilitation or operation of affordable housing and  
168 having a certificate or articles of incorporation approved by the  
169 commissioner, or (B) partnership, limited partnership, limited liability  
170 company, joint venture, sole proprietorship, trust or association having  
171 as one of its purposes the construction, financing, acquisition,  
172 rehabilitation or operation of affordable housing. Repayment of [such]  
173 loans or deferred loans shall be made upon receipt of permanent  
174 financing by the borrower, except the commissioner may forgive any  
175 such loan or deferred loan in any case where the forgiveness of such  
176 loan is in the best interest of the state and the borrower (i) is an eligible  
177 applicant that is a nonprofit entity, a municipal developer or a housing  
178 authority, or any combination thereof, if such combination includes a  
179 nonprofit corporation, housing authority or municipal developer, (ii)  
180 has made a good faith effort to obtain permanent financing, and (iii)  
181 has been refused such financing. [and where the forgiveness of such  
182 loan is in the best interest of the state.] If the eligible applicant is an  
183 entity described in subparagraph (A) or (B) of this subsection, the  
184 commissioner may forgive a portion of such loan or deferred loan as

185 follows: (I) If the housing is located in a distressed municipality, as  
186 defined in section 32-9p, then the commissioner may forgive up to one  
187 hundred per cent of such loan or deferred loan, and (II) if the housing  
188 is not located in a distressed municipality, then the commissioner may  
189 forgive up to fifty per cent of such loan or deferred loan. Payments of  
190 principal on such loans or deferred loans shall be paid to the Treasurer  
191 for deposit in the Housing Repayment and Revolving Loan Fund. [In  
192 the case of a deferred loan, the contract shall require that payments on  
193 interest are due immediately but that payments on principal may be  
194 made at a later time.]

195 Sec. 6. Section 8-336m of the general statutes is repealed and the  
196 following is substituted in lieu thereof (*Effective from passage*):

197 As used in this [section] chapter the following terms shall have the  
198 following meanings, unless the context clearly indicates a different  
199 meaning or intent:

200 (1) "Authority" means the Connecticut Housing Finance Authority.

201 (2) "Commissioner" means the Commissioner of Economic and  
202 Community Development.

203 (3) "Department" means the Department of Economic and  
204 Community Development.

205 (4) "Eligible applicant" means: (A) A nonprofit entity; (B) a  
206 municipality; (C) a housing authority; (D) a business corporation  
207 incorporated pursuant to chapter 601 or any predecessor statutes  
208 thereto or authorized to do business pursuant to said chapter 601  
209 having as one of its purposes the construction, financing, acquisition,  
210 rehabilitation or operation of affordable housing, and having a  
211 certificate or articles of incorporation approved by the commissioner;  
212 (E) any partnership, limited partnership, limited liability company,  
213 joint venture, sole proprietorship, trust or association having as one of  
214 its purposes the construction, financing, acquisition, rehabilitation or  
215 operation of affordable housing; (F) the Connecticut Housing Finance

216 Authority; (G) a municipal developer; (H) any community  
217 development financial institution; or (I) any combination thereof.

218 (5) "Housing", "housing development" or "development" means a  
219 work or undertaking having as its primary purpose the provision of  
220 safe, well-designed and adequate housing and related facilities for low  
221 and moderate income families and persons and includes existing  
222 housing for low and moderate income families and persons and  
223 housing whose primary purpose is to provide dwelling  
224 accommodations for low and moderate income families and persons  
225 but has dwelling accommodations for others.

226 (6) "Housing Trust Fund" or "fund" means the Housing Trust Fund  
227 created under section 8-336o.

228 (7) "Housing Trust Fund program" or "program" means the housing  
229 trust fund program developed and administered under section 8-336p.

230 (8) "Low and moderate income families and persons" means families  
231 and persons whose income falls within the income levels set by the  
232 commissioner pursuant to regulations adopted under subsection (a) of  
233 section 8-336q, except that the commissioner may establish income  
234 levels up to and including one hundred twenty per cent of the area  
235 median income, as determined by the United States Department of  
236 Housing and Urban Development.

237 (9) "Municipal developer" means a municipality acting by and  
238 through its legislative body, except that in any town in which a town  
239 meeting or representative town meeting is the legislative body,  
240 "municipal developer" means the board of selectmen if such board is  
241 authorized to act as the municipal developer by the town meeting or  
242 representative town meeting.

243 (10) "Secretary" means the Secretary of the Office of Policy and  
244 Management.

245 (11) "State Bond Commission" means the commission established  
246 under section 3-20.



247 (12) "Treasurer" means the State Treasurer and includes each  
248 successor in office or authority.

249 Sec. 7. Section 8-336o of the general statutes is repealed and the  
250 following is substituted in lieu thereof (*Effective from passage*):

251 (a) There is established the "Housing Trust Fund" which shall be a  
252 nonlapsing fund held by the Treasurer separate and apart from all  
253 other moneys, funds and accounts. The following funds shall be  
254 deposited in the fund: (1) Proceeds of bonds authorized by section 8-  
255 336n; (2) all moneys received in return for financial assistance awarded  
256 from the Housing Trust Fund pursuant to the Housing Trust Fund  
257 program established under section 8-336p, as amended by this act;  
258 [and] (3) all private contributions received pursuant to section 8-336p,  
259 as amended by this act; and (4) to the extent not otherwise prohibited  
260 by state or federal law, any federal housing funds or other public  
261 funds received. Investment earnings credited to the assets of said fund  
262 shall become part of the assets of said fund. The Treasurer shall invest  
263 the moneys held by the Housing Trust Fund subject to use for financial  
264 assistance under the Housing Trust Fund program.

265 (b) Any moneys held in the Housing Trust Fund may, pending the  
266 use or application of the proceeds thereof for an authorized purpose,  
267 be (1) invested and reinvested in such obligations, securities and  
268 investments as are set forth in subsection (f) of section 3-20, in  
269 participation certificates in the Short Term Investment Fund created  
270 under sections 3-27a and 3-27f and in participation certificates or  
271 securities of the Tax-Exempt Proceeds Fund created under section 3-  
272 24a, (2) deposited or redeposited in such bank or banks at the direction  
273 of the Treasurer, or (3) invested in participation units in the combined  
274 investment funds, as defined in section 3-31b. Unless otherwise  
275 provided pursuant to subsection (c) of this section, proceeds from  
276 investments authorized by this subsection shall be credited to the  
277 Housing Trust Fund.

278 (c) The moneys [of] held in the Housing Trust Fund shall be used to  
279 fund the Housing Trust Fund program established under section 8-

280 336p, as amended by this act, and are in addition to any other  
281 resources available from state, federal or other entities that support the  
282 program goals established in said section 8-336p.

283 (d) (1) The commissioner may select an eligible applicant to be a  
284 third-party contract administrator to administer a revolving loan fund  
285 or to carry out some of the duties of the department under the Housing  
286 Trust Fund program. The third-party contract administrator shall be  
287 selected through a competitive process in the case of a contract having  
288 a cost of more than fifty thousand dollars. No more than fifteen per  
289 cent of the cost of the contract may be used for administrative  
290 expenses.

291 (2) Moneys held in the Housing Trust Fund may be used by the  
292 department and awarded to a third-party contract administrator for  
293 the purpose of establishing or maintaining a revolving loan fund,  
294 provided all outstanding loans are assigned to the department when  
295 the third-party contract administrator is (A) no longer administering  
296 the revolving loan fund; (B) in default of its obligations to the  
297 department; or (C) no longer functioning as an entity.

298 Sec. 8. Subsection (d) of section 8-336p of the general statutes is  
299 repealed and the following is substituted in lieu thereof (*Effective from*  
300 *passage*):

301 (d) The Commissioner of Economic and Community Development  
302 may, with the approval of the Secretary of the Office of Policy and  
303 Management, solicit and accept contributions from private entities,  
304 nonprofit and for-profit corporations, philanthropic organizations and  
305 financial institutions, to support and expand the resources available  
306 through the Housing Trust Fund. All such funds shall be deposited in  
307 the Housing Trust Fund. Funding from any other local, state or federal  
308 agency may be deposited into the Housing Trust Fund, provided the  
309 programmatic requirements of such agency does not conflict with the  
310 purposes of the Housing Trust Fund program.

311 Sec. 9. Section 8-37yy of the general statutes is repealed and the

312 following is substituted in lieu thereof (*Effective from passage*):

313 (a) The Department of Economic and Community Development  
314 shall, in consultation with the State-Assisted Housing Sustainability  
315 Advisory Committee, established pursuant to section 8-37zz,\* establish  
316 and maintain the State-Assisted Housing Sustainability Fund for the  
317 purpose of the preservation of eligible housing. The moneys of the  
318 fund shall be available to the department to provide financial  
319 assistance to the owners of eligible housing for the maintenance,  
320 repair, rehabilitation, and modernization of eligible housing and for  
321 other activities consistent with preservation of eligible housing,  
322 including, but not limited to, (1) emergency repairs to abate actual or  
323 imminent emergency conditions that would result in the loss of  
324 habitable housing units, (2) major system repairs or upgrades,  
325 including, but not limited to, repairs or upgrades to roofs, windows,  
326 mechanical systems and security, (3) reduction of vacant units, (4)  
327 remediation or abatement of hazardous materials, including lead, (5)  
328 increases in development mobility and sensory impaired accessibility  
329 in units, common areas and accessible routes, (6) relocation costs and  
330 alternative housing for not more than sixty days, necessary because of  
331 the failure of a major building system, and (7) a comprehensive  
332 physical needs assessment. Financial assistance shall be awarded to  
333 applicants consistent with standards and criteria adopted in  
334 consultation with the [recommendations of the State-Assisted Housing  
335 Sustainability Advisory Committee] Joint Standing Committee of the  
336 General Assembly on Housing.

337 (b) In each of the fiscal years ending June 30, 2008, and June 30,  
338 2009, the department may expend not more than seven hundred fifty  
339 thousand dollars from the fund for reasonable administrative costs  
340 related to the operation of the fund, including the expenses of the  
341 State-Assisted Housing Sustainability Advisory Committee, the  
342 development of analytic tools and research concerning the capital and  
343 operating needs of eligible housing for the purpose of advising the  
344 General Assembly on policy regarding eligible housing and the study  
345 required by section 107 of public act 07-4 of the June special session\*.

346 Thereafter, the department shall prepare an administrative budget.  
347 [which shall be effective upon the approval of said committee.]

348 (c) [(1)] The department [shall] may adopt regulations, in  
349 accordance with chapter 54, to implement the provisions of this section  
350 and sections 8-37xx, 8-37zz and 8-37aaa. Such regulations shall  
351 establish (A) guidelines for grants and loans, and (B) a process for  
352 certifying an emergency condition in not more than forty-eight hours  
353 and for committing emergency funds, including costs of resident  
354 relocation, if necessary, not more than five business days after  
355 application by the owner of eligible housing for emergency repair  
356 financial assistance. [The guidelines under subparagraph (A) of this  
357 subdivision shall provide for deferred payment of principal and  
358 interest upon approval of the committee.

359 (2) The department shall adopt written policies and procedures to  
360 implement such provisions while in the process of adopting such  
361 policies and procedures in regulation form, and the commissioner shall  
362 print a notice of intention to adopt the regulations in the Connecticut  
363 Law Journal not later than twenty days prior to implementing such  
364 policies and procedures. The department shall submit final regulations  
365 to implement said sections to the legislative regulation review  
366 committee not later than October 1, 2009. Policies and procedures  
367 implemented pursuant to this subdivision shall be valid until the time  
368 final regulations are effective.]

369 (d) In reviewing applications and providing financial assistance  
370 under this section, the department, in consultation with the [State-  
371 Assisted Housing Sustainability Advisory Committee] Joint Standing  
372 Committee of the General Assembly on Housing, shall consider the  
373 [long term] long-term viability of the eligible housing and the  
374 likelihood that financial assistance will assure such long term viability.  
375 As used in this section, "viability" includes, but is not limited to,  
376 continuous habitability and adequate operating cash flow to maintain  
377 the existing physical plant and any capital improvements and to  
378 provide basic services required under the lease and otherwise required

379 by local codes and ordinances.

380 (e) On or before February 1, 2009, and annually thereafter, the  
381 department [, in consultation with the State-Assisted Housing  
382 Sustainability Advisory Committee,] shall submit a report on the  
383 operation of the fund, for the previous calendar year, to the General  
384 Assembly, in accordance with section [11-4a] 32-1m, as amended by  
385 this act. The report shall include an analysis of the distribution of  
386 funds and an evaluation of the performance of said fund and may  
387 include recommendations for modification to the program.

388 Sec. 10. Section 8-37zz of the general statutes is repealed and the  
389 following is substituted in lieu thereof (*Effective from passage*):

390 (a) There is established a State-Assisted Housing Sustainability  
391 Advisory Committee. The committee shall consist of the following  
392 members:

393 (1) One appointed by the speaker of the House of Representatives,  
394 who may be a member of the General Assembly;

395 (2) One appointed by the president pro tempore of the Senate, who  
396 may be a member of the General Assembly;

397 (3) One appointed by the majority leader of the House of  
398 Representatives, who shall represent a housing authority with one  
399 hundred or more but less than two hundred fifty units of eligible  
400 housing and be appointed from a list submitted by the Connecticut  
401 Chapter of the National Association of Housing and Redevelopment  
402 Officials;

403 (4) One appointed by the majority leader of the Senate, who shall  
404 represent a housing authority with fewer than one hundred units of  
405 eligible housing and be appointed from a list submitted by the  
406 Connecticut Chapter of the National Association of Housing and  
407 Redevelopment Officials;

408 (5) One appointed by the minority leader of the House of

409 Representatives, who shall represent a housing authority with two  
410 hundred fifty or more units of eligible housing and be appointed from  
411 a list submitted by the Connecticut Chapter of the National  
412 Association of Housing and Redevelopment Officials;

413 (6) One appointed by the minority leader of the Senate, who shall  
414 represent a housing authority with fewer than one hundred units of  
415 eligible housing and be appointed from a list submitted by the  
416 Connecticut Chapter of the National Association of Housing and  
417 Redevelopment Officials;

418 (7) Four appointed by the Governor;

419 (8) The State Treasurer, or the Treasurer's designee; and

420 (9) The State Comptroller, or the Comptroller's designee.

421 (b) The committee shall meet at least quarterly and shall advise the  
422 Commissioner of Economic and Community Development and the  
423 Connecticut Housing Finance Authority on the administration,  
424 management, procedures and objectives of the financial assistance  
425 provided pursuant to section 8-37yy, as amended by this act,  
426 including, but not limited to, the [establishment of criteria, priorities  
427 and procedures for such financial assistance and the] adoption of  
428 regulations pursuant to section 8-37yy, as amended by this act.

429 (c) The chairperson and vice-chairperson of the committee shall be  
430 selected by the committee from among its members. The chairperson,  
431 or the vice-chairperson in the absence of the chairperson, may establish  
432 subcommittees and working groups of the members as needed and  
433 designate a chairperson of each such subcommittee.

434 (d) The initial term of the members appointed to the committee  
435 pursuant to subdivisions (1) to (7), inclusive, of subsection (a) of this  
436 section shall be staggered by lottery conducted by the committee. After  
437 the initial term, the terms of all members shall be three years. Members  
438 may be reappointed for an unlimited number of terms.

439 Sec. 11. Subsection (a) of section 32-1m of the general statutes is  
 440 amended by adding subdivision (17) as follows (*Effective from passage*):

441 (NEW) (17) A report on the State-Assisted Housing Sustainability  
 442 Fund along with an analysis of the distribution of funds, an evaluation  
 443 of the performance of the fund and any recommendations for  
 444 modification of the program established by said section 8-37yy, as  
 445 amended by this act, if any.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	8-114d
Sec. 2	<i>from passage</i>	8-119h
Sec. 3	<i>from passage</i>	8-119l
Sec. 4	<i>from passage</i>	8-119x
Sec. 5	<i>from passage</i>	8-410
Sec. 6	<i>from passage</i>	8-336m
Sec. 7	<i>from passage</i>	8-336o
Sec. 8	<i>from passage</i>	8-336p(d)
Sec. 9	<i>from passage</i>	8-37yy
Sec. 10	<i>from passage</i>	8-37zz
Sec. 11	<i>from passage</i>	32-1m(a)

**PD** Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 10 \$</b>	<b>FY 11 \$</b>
Department of Economic & Community Development	GF - See Below	See Below	See Below

Note: GF=General Fund

**Municipal Impact:** None

#### **Explanation**

The bill allows for-profit entities to qualify for financial assistance for predevelopment costs incurred in connection with the construction, rehabilitation, or renovation of housing for low and moderate income persons and families under certain conditions. To the extent that more entities will qualify, the funding sources utilized to provide such financial assistance will be expended more rapidly than they otherwise would have been. Approximately \$100 million is currently available from various housing funding sources and could be used to support the predevelopment loan program.

The bill also allows a third party contractor to administer a revolving loan fund or perform duties under the Housing Trust Fund program, with administrative expenses not to exceed 15 percent of the contract cost. This change could result in 1) funds being expended more quickly than they would be if the Department of Economic and Community Development (DECD) remained the administrator; and 2) a minimal decrease in funding to the extent that the contractors administrative expenses would exceed those of DECD. However, the bill also allows funding from certain sources to be deposited into the Housing Trust Fund, which could increase the fund balance. To date, approximately \$90 million in the Housing Trust Fund has been



authorized to DECD, of which \$40 million has been approved by the State Bond Commission. An additional \$20 million is available for authorization effective July 1, 2009.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

**OLR Bill Analysis****sHB 6413*****AN ACT REVISING CERTAIN HOUSING STATUTES.*****SUMMARY:**

This bill modifies several Department of Economic and Community Development (DECD) programs.

The bill:

1. adds “housing partnerships” as eligible recipients of DECD grants or loans to hire resident service coordinators (RSCs) and build and operate congregate housing;
2. expands eligibility for (a) DECD’s Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund, making for-profit developers eligible for the program, and changing repayment requirements, and (b) DECD-administered Housing Trust Fund Program funding, allowing third-party contractors to receive funds to administer a revolving loan fund or undertake some the department’s program duties;
3. authorizes (a) the Housing Trust Fund to accept housing or other public funds not otherwise prohibited by federal and state law and (b) DECD to accept both federal and other government funds if the applicable agency’s programmatic requirements do not conflict with the trust fund’s purposes;
4. allows DECD’s data collection for a database of housing that is accessible or adaptable to people with disabilities be completed “to the extent practicable,” among other things; and
5. changes reporting requirements for the State-Assisted Housing Sustainability Fund.

It also makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

## **DECD HOUSING PROGRAM MODIFICATION**

### ***Public Housing for the Elderly***

By law, a “housing partnership” means any partnership, limited partnership, joint venture, trust or association consisting of:

1. a housing authority, a nonprofit corporation, or both and
2. a for-profit (a) business corporation or partnership, limited partnership, joint venture, trust, limited liability company, or association that has as one of its purposes the construction, rehabilitation, ownership or operation of housing and basic organizational documents that DECD approves in accordance with its regulations for public housing developers, or (b) a combination of these entities.

The bill makes these partnerships, and thus for profit-entities, eligible for DECD funding to hire RSCs and to receive DECD funding for congregate housing (Housing for Elderly Persons programs).

### ***Low- and Moderate-Income Housing Predevelopment Cost Revolving Loan Fund***

Under current law, DECD’s commissioner may provide loans or deferred loans under the low- and moderate-income predevelopment cost program for nonprofit corporations, housing authorities, municipal developers, or partnerships that include these entities. The bill allows for-profit corporations and partnerships to qualify when they have affordable housing construction, financing, acquisition, rehabilitation or operation as one of their purposes. The bill defines all of these entities as “eligible applicants.” But it limits financial assistance that for-profits may receive to predevelopment costs related to construction, rehabilitation, or renovation of low- and moderate-income housing.

Current law allows nonprofit corporations, housing authorities, municipal developers, or combinations to also receive financing for other costs, such as feasibility studies and land purchases. The bill changes “nonprofit corporations” to “nonprofit entities.”

The bill extends DECD’s loan forgiveness option for recipients that are nonprofits, housing authorities, and municipal developers under existing law to for-profit entities or a combination of these. By law, DECD’s commissioner may forgive the loan to a nonprofit entity, municipal developer, or housing authority, or any combination of these, when (1) the entity has made a good faith effort to obtain permanent financing and (2) it is in the best interest of the state. Under the bill, if the applicant is an “eligible applicant,” which includes for-profits, the commissioner may forgive 100% of the loan when the development is in a distressed municipality, as defined by law, and 50% if not. (It is not clear whether the conditions for nonprofits, housing authorities, and municipal developers concerning loan forgiveness being based on attempts to obtain permanent financing and forgiveness being in the best interest of the state apply when a for-profit entity is involved.)

By law, principal payments of the loans must be made to the treasurer and deposited in to the Housing Repayment and Revolving Loan Fund. Under current law, the contract awarding a deferred loan must include a provision that interest payments are due immediately, but principal payments may be made later. The bill eliminates this requirement.

### ***Housing Trust Fund Program***

The bill allows DECD’s commissioner to select an eligible applicant to be a third-party contract administrator to administer a revolving loan fund or to carry out some of the department’s duties under the program. (The bill extends the existing Housing Trust Fund law’s definition of an “eligible applicant” to cover the program and fund, i.e., this provision.) It specifies that (1) the third-party contract administrator must be selected through a competitive process in the

case of a contract costing more than \$50,000 and (2) no more than 15% of the cost of the contract may be used for administrative expenses.

The bill authorizes DECD to use funds held in the Housing Trust Fund to make awards to third-party contract administrators to establish or maintain a revolving loan fund. But all outstanding loans are assigned to the department when the third-party contract administrator is (1) no longer administering the revolving loan fund; (2) in default of its obligations to the department, or (3) no longer functioning as an entity.

By law, DECD administers the Housing Trust Fund program, which encourages housing for homeownership creation at a cost that will enable low- and moderate-income families to afford it while paying no more than 30% of gross household income on it, among other things.

#### ***Database on Housing Units that Are Accessible or Adaptable for People with Disabilities***

The law requires DECD to establish a database of housing units that are accessible or adaptable for people with disabilities. The law requires the database to include unit information such as (1) location, rent, and number of bedrooms; (2) housing type and neighborhood; and (3) vacancy status and when it may be available, if applicable. The bill requires DECD, “to the extent practicable,” to include this information. It also requires the database to state when a waiting list for such units may open. It eliminates the requirement that DECD’s commissioner, to the extent feasible, use the computer-assisted mass appraisal systems.

#### ***State-Assisted Housing Sustainability Fund***

The law requires DECD and the State-Assisted Housing Sustainability Fund Advisory Committee to establish and maintain the State-Assisted Housing Sustainability Fund. Under current law, DECD awards financial assistance in consultation with the advisory committee. The bill instead requires DECD to do so in consultation with General Assembly’s Housing Committee. It no longer requires DECD’s administrative budget for the fund to be subject to Housing

Committee approval. It allows rather than requires DECD to adopt regulations for the fund.

The bill also eliminates the requirement that DECD's annual report on fund operation be completed in consultation with the advisory committee, and makes the report part of a larger report on DECD's activities that the law requires DECD to complete annually.

## **BACKGROUND**

### ***Distressed Municipalities***

As of 2008, according to the U.S. Department of Housing and Urban Development, Connecticut's distressed municipalities are: Ansonia, Bridgeport, Bristol, Brooklyn, Derby, East Hartford, Enfield, Hartford, Killingly, Meriden, Naugatuck, New Britain, New Haven, New London, North Canaan, Norwich, Plainfield, Plymouth, Putnam, Sprague, Torrington, Waterbury, West Haven, Winchester, and Windham.

### ***Legislative History***

On April 6, 2009, the Planning and Development Committee favorably reported the substitute bill, which replaced the affordable housing appeals procedure's 10% threshold under CGS § 8-30g with distressed municipality criteria for the purpose of determining the percentage of loan forgiveness under DECD's affordable housing predevelopment cost loan program.

## **COMMITTEE ACTION**

### Housing Committee

Joint Favorable Substitute

Yea 10 Nay 0 (03/10/2009)

### Planning and Development Committee

Joint Favorable Substitute

Yea 17 Nay 1 (04/06/2009)